

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

-----x

AITHENT, INC.,

Plaintiff,

-against-

Case No. 4:11-CV-00173
(GAF)

THE NATIONAL ASSOCIATION
OF INSURANCE COMMISSIONERS,

Defendant.

-----x

VIDEOTAPED

DEPOSITION OF NARAYANASWAMY VENU GOPAL

Wednesday, September 12, 2012

New York, New York

REPORTED BY:

Holly Hough

September 12, 2012
9:43 a.m.

Videotaped Deposition of NARAYANASAWAMY
VENU GOPAL, taken by Defendant, pursuant to 30(b)(6)
Notice, at the offices of Johnson Gallagher Magliery
LLC, 99 Wall Street, 15th Floor, New York, New York
10005, before Holly Hough, a Shorthand Reporter and
Notary Public within and for the State of New York.

A P P E A R A N C E S

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-and-

MICHAEL HARGENS, ESQ.

A P P E A R A N C E S (continued)

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ALSO PRESENT:

NICHOLAS GUZMAN, Legal Video Specialist

STIPULATIONS

IT IS HEREBY STIPULATED AND AGREED by and
between counsel for the respective parties hereto,
that the filing, sealing and certification of the
within deposition shall be and the same are hereby
waived;

IT IS FURTHER STIPULATED AND AGREED that
all objections, except as to the form of the
question, shall be reserved to the times of the
trial;

IT IS FURTHER STIPULATED AND AGREED that
the within deposition may be signed before any
Notary Public with the same force and effect as if
signed and sworn to before this court.

Gopal

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A. I believe we did work on that interface,
yes.

Q. And the PDB database-look-up
functionality, correct?

A. Yes, that is correct.

Q. And that meant that the LION system
communicated with the NIPR Gateway and the PDB to
provide information back and forth between those two
systems, right?

A. That is correct.

Q. Do you consider NIPR Gateway to be a part
of the LION system in New York?

A. No, we do not.

Q. Do you consider it to be part of the
Arkansas system in Arkansas, the LION system in
Arkansas?

A. No, we do not.

Q. So you understood it was a completely
separate system; in order to communicate with it,
you had to build an interface, right?

A. Absolutely, but that's very different from
SBS.

Q. You had a good deal of information on NIPR
before you signed the agreement with NAIC, didn't

Gopal

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you?

A. When you say, "a good deal of
information--"

Q. You had asked for, for example, financial
reports from NIPR, right?

A. Yes.

Q. You had asked for license agreements that
NIPR was party to?

A. Yes.

Q. You had access to the NIPR website, right?

A. Yes.

Q. And you reviewed that?

A. To a certain degree, yes.

Q. And you understood exactly what NIPR was
and what it was doing, right?

MR. JOHNSON: Objection to form.

A. Again, there was a little bit of confusion
in my mind as to where the lines between NAIC and
NIPR kind of ended, where one stopped and the other
started.

Q. I'm talking about the NIPR website itself;
you reviewed that?

A. I'm not sure what I did visit, I don't
recall.

Gopal

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Q. Did you understand that NIPR had been around for about six years before you signed the agreement with NAIC?

A. I knew that it had preexisted our agreement, yes.

Q. And it had website functionality that was handling certain licensing-related transactions?

A. Yes.

Q. And did you understand that NIPR was part of a uniformity initiative led by the NAIC in light of the federal directives?

A. I didn't understand it as being part of the uniformity issues, but I did understand it to be an NAIC initiative.

Q. And you certainly had access to and could review any of the information that was on the NIPR website, right?

A. Yes.

Q. And did you review or request any NIPR annual reports as part of this discussion?

A. I believe that before we entered into the agreement, we had asked for that information.

Q. And was it provided to you?

A. Yes.

Gopal

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Q. You had the NIPR annual reports?

A. We had one report, I believe.

Q. Prior to the time of the NAIC contract?

A. I believe so, yes.

Q. And did you have any discussions with NAIC prior to signing the contract as to what the future development and plans were for NIPR?

A. In the discussions that we had with the NAIC, the discussions revolved around both NIPR and NAIC together in talking about the fact that one of the goals was that the NAIC wanted to be able to facilitate these regulatory processes, the uniformity issues, and felt it would be good to have both a single, I mean, I guess that's how the name "state-based system" came about, a single state-based regulatory IT system that would allow the regulators to perform all functions.

And there was a peer recognition built on the part of Aithent and NAIC that transactional revenue streams would be a way to finance and fund that and would be where we would generate significant value.

And I think the discussions evolved around what could happen in the future in terms of where

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CONTINUED

VIDEOTAPED DEPOSITION OF NARAYANASWAMY VENU GOPAL
Thursday, September 13, 2012
New York, New York

REPORTED BY:
Holly Hough

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September 13, 2012

9:26 a.m.

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Continued Videotaped Deposition of

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NARAYANASWAMY VENU GOPAL, taken by Defendant,

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pursuant to Adjournment, at the offices of Johnson

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Gallagher Magliery LLC, 99 Wall Street, 15th Floor,

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New York, New York 10004, before Holly Hough, a

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Shorthand Reporter and Notary Public within and for

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the State of New York.

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A P P E A R A N C E S

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ALSO PRESENT:

ALEXIS REBOLLEDO, Legal Video Specialist

1 Gopal 301

2 discussed the fact that the transactions might go
3 through NIPR and that NIPR had certain processes in
4 place for bad debts and collections because there
5 was an aspect in our negotiations where we were
6 talking about what happens if NAIC or NIPR processed
7 a transaction but couldn't collect the funds for
8 that transaction, how would that relate to the
9 sharing of revenues.

10 And so part of our question or concern was
11 how large was that, what was going to be happening
12 within that and to get a better handle on what had
13 transpired in the past couple of years so we could
14 decide what we could agree to in terms of the
15 agreement.

16 Q. So before you signed the License Agreement
17 with NAIC, you knew that NIPR kept separate books
18 and records, right?

19 A. Yes.

20 Q. And their own financial statements
21 separate from NAIC?

22 A. Yes.

23 Q. And you had also, I believe, testified
24 yesterday you had seen the annual reports of NIPR,
25 at least for one year; is that right?

1 Gopal 302

2 A. I believe I was referring to the fact that
3 I had seen this financial report. I'm not sure
4 whether or not I had seen the annual report. If it
5 was on the website, I would probably have looked at
6 it.

7 Q. That's all I have for you on this, sir.
8 I'm sorry, take another look at it, page 10.

9 A. Okay.

10 Q. Exhibit 37.

11 A. Page 10 of the financial statement?

12 Q. Yes.

13 MR. JOHNSON: Note B.

14 Q. At the top of which it says, "National
15 Insurance Producer Registry Notes to Financial
16 Statements." Yes, Note B, that's right, "Related
17 Party Transactions."

18 The first sentence there reads, "Under a
19 service agreement between the NAIC and the NIPR, the
20 NAIC provides certain administrative services to the
21 NIPR."

22 Did I read that correctly?

23 A. Yes.

24 Q. And so you had been provided this document
25 that indicated to you that it was an administrative-